

# **MESOBLAST LIMITED**

**ACN 109 431 870**

## **NOTICE OF 2008 ANNUAL GENERAL MEETING**

**For the Annual General Meeting of the Company to be held at**

**10.00 am (Melbourne time)  
on 27 November 2008 (Thursday)**

**at Middletons Lawyers,  
Level 25, 525 Collins Street,  
Melbourne, Victoria**

**THIS IS AN IMPORTANT DOCUMENT**

**If you are in doubt as to what to do with this document please  
immediately see your legal adviser, financial adviser or stockbroker**

**MESOBLAST LIMITED**  
**ACN 109 431 870**

## **Notice of Annual General Meeting of Shareholders**

Notice is given that an Annual General Meeting of the shareholders of **Mesoblast Limited** ACN 109 431 870 (Company) will be held at Middletons Lawyers, Level 25, 525 Collins Street, Melbourne on **27 November 2008 at 10.00 am** (Melbourne time) for the purpose of considering and, if thought fit, passing the following resolutions.

Please note that additional information concerning the proposed resolutions is contained in the Explanatory Memorandum that accompanies and forms part of this Notice of Annual General Meeting.

### **General Business**

#### **Resolution 1 – Financial Statements and Reports**

To receive and consider the Financial Statements of the Company for the year ended 30 June 2008, together with the Directors' Report and the Independent Audit Report as set out in the Annual Report 2008.

#### **Resolution 2 – Adoption of Remuneration Report**

To consider, and if thought fit, to pass the following resolution as an ordinary resolution \*:

*"To adopt the Remuneration Report for the year ended 30 June 2008".*

*\* Please note that section 250R(3) of the Corporations Act 2001 (Cth) provides that the vote on this resolution is advisory only and does not bind the directors or the Company.*

#### **Resolution 3 – Confirm that appointment of Mr Brian Jamieson as a Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That pursuant to clause 15.1(c) of the Company's Constitution, the members of the Company approve the appointment of Brian Jamieson as a Director of the Company who, having been appointed by the directors on 22 November 2007 and being eligible, offers himself for election".*

#### **Resolution 4 – Re-election of Mr Michael Spooner as a Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*"That pursuant to clause 15.3(a) of the Company's Constitution, the members of the Company approve the re-appointment of Mr Michael Spooner as a Director of the Company, who, pursuant to clause 15.3(b) of the Company's Constitution is retiring by rotation and being eligible, offers himself for re-election".*

### **Special Business**

#### **Resolution 5 – Renewal of Proportional Bid provisions in the Constitution**

To consider and, if thought fit, to pass the following resolution as a special resolution:

*"That for the purposes of Section 648G(4) of the Corporations Act 2001 and for all other purposes the members of the Company approve the renewal of Clause 13 of the Company's Constitution"*

## Other Business

To consider any other business that may legally be brought forward.

By Order of the Board:



Kevin Hollingsworth  
Company Secretary  
24 October 2008

## NOTES

### 1. How to Vote and Voting Entitlements

You may vote by attending the meeting in person, by proxy or authorised representative.

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the holders of the Company's shares for the purposes of the meeting, will be those registered holders of Shares at 7.00pm ((Australian Eastern Daylight Time) on 25 November 2008.

### 2. Voting in Person or by Corporate Representative

To vote in person, attend the Annual General Meeting on the date and time and at the place set out above. If you plan on attending the meeting please arrive at the venue 30 minutes prior to the time designated for the meeting so that the Company may check your shareholding against the Company's share register and note your attendance.

If a corporate Shareholder wishes to appoint a person to act as its representative at the meeting that person should be provided with a letter or certificate authorising him or her as the company's representative. The appointment must comply with the requirements of section 250D of the *Corporations Act 2001 (Cth)* and the representative should bring to the meeting evidence of their appointment, including any authority under which such appointment is signed.

### 3. Voting by Proxy

A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy. The proxy need not be a Shareholder of the Company. If the Shareholder is entitled to cast 2 or more votes, not more than 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise one half of the Shareholder's votes.

A Shareholder may direct their proxy how to vote by placing a mark in one of the boxes opposite each item of business on the proxy form. All the Shareholder's shares will be voted in accordance with that direction. If a Shareholder marks more than one box on an item, their vote on that item will be invalid.

To vote by proxy, please complete and sign the Proxy Form attached to this Notice of Annual General Meeting in accordance with the instructions set out in the Proxy Form so that it is received at the Company's Share Registry, **Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235** or faxed to the Share Registry on facsimile number **02 92870309** not later than 10.00am (Australian Eastern Daylight Time) on 25 November 2008. Any revocations of proxies must be received prior to the commencement of the meeting.

The Company's Chairman will be chairing the meeting and intends to vote all undirected proxies in favour of all the resolutions. If you wish to appoint the Chairman or another director as your proxy and you do not wish to direct them how to vote, please tick the appropriate box on the form.

**Mesoblast Limited**  
**ACN 109 431 870**

## **Information Memorandum and Explanatory Notes**

These Explanatory Notes have been prepared to provide members with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Annual General Meeting (**AGM**) of the Company (**Notice**) concerning the meeting to be held at 10.00 am (Australian Eastern Daylight Time) on 27 November 2008 at Middletons Lawyers, Level 25, 525 Collins Street, Melbourne, Victoria.

### **1. Financial Statements and Reports**

Section 317 of the *Corporations Act 2001* (Cth) (**Corporations Act**) requires the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2008 to be laid before the Company's Annual General Meeting. There is no requirement either in the Corporations Act or in the Company's Constitution for shareholders to approve these reports (other than the Remuneration Report which forms part of the Directors' Report). Shareholders will have a reasonable opportunity at the meeting to ask questions and comment on these reports and on the Company's business and operations.

Shareholders should note that the Financial Statements and Reports will be received in the form presented. It is not the purpose of the meeting that the Financial Statements and Reports be accepted, rejected or modified in any way and accordingly there will be no formal resolution put to the meeting.

### **2. Resolution 2 – Adoption of Remuneration Report (Non-binding Resolution)**

Under Section 250R of the Corporations Act, shareholders have the opportunity to pass a non-binding resolution on the Remuneration Report at the Company's Annual General Meeting and, under section 250SA of the Corporations Act, the Chairman must allow the Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Remuneration Report, which explains the Board's policies in relation to the nature and level of remuneration paid to Directors of the Company and which sets out remuneration details for each Director, forms part of the Directors' Report on pages 11 to 18 (inclusive) of the Annual Report for the year ended 30 June 2008 which has been sent to shareholders with this Notice and Explanatory Notes.

The Remuneration Report:

- explains the Board's policies in respect of the nature and level of remuneration paid to Directors and senior management of the Company;
- discusses the link between the Board's policies and the Company's performance;
- explains why the performance conditions were chosen and how performance is measured against them;
- sets out the remuneration details for each Director and each member of the Company's senior management team; and
- makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives and executive Directors.

Shareholders should note that, as specified by section 250R of the Corporations Act, the vote on Resolution 2 is advisory only and is not binding on the Board or the Company. Shareholders will be given the opportunity to ask questions about or make comments on the Remuneration Report.

The Board unanimously recommends that shareholders vote in favour of Resolution 2.

### **3. Resolution 3 – Confirmation of the appointment of Mr Brian Jamieson as a director**

Clause 15.1(c) of the Constitution of the Company provides that, subject to the provisions of the Corporations Act, the Directors may at any time appoint any person to be a Director and that person will hold office until the end of the next following general meeting and is eligible for election at that meeting.

Brian Jamieson was elected to the Board by the Directors on 22 November 2007. He brings to the Board extensive corporate finance expertise, strong leadership skills and a broad range of experience across a range of industries including life sciences, resources, mining, gaming and the banking and finance sector.

In accordance with clause 15.1(c) of the Constitution of the Company, Brian Jamieson is eligible for election and has submitted himself for re-election at the 2008 Annual General Meeting.

The Directors (in the absence of Brian Jamieson) recommend that shareholders vote in favour of the election of Brian Jamieson as a Director.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 3.

### **4. Resolution 4 – Re-election of Michael Spooner as a director**

Clause 15.3(a)(i) of the Constitution of the Company provides that no Director (except the Managing Director) may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the Director's election, whichever is the longer, without submitting himself or herself for re-election. Clause 15.3(a)(ii) provides that at each annual general meeting one-third of the previously elected Directors, and if their number is not a multiple of 3, then the number nearest to but not exceeding one-third, must retire from office and are eligible for re-election.

Clause 15.3(b) provides that the Directors to retire in every year under clause 15.3(a) are the Directors longest in office since last being elected.

Michael Spooner was elected to the Board by the members of the Company at the 2005 Annual General Meeting. Michael retired as Chairman of the Company in November 2007 but agreed to continue serving as a non-executive director. Michael has been a member of the Board since the Company first listed in 2004 and has provided invaluable leadership and assistance during this period.

In accordance with Clause 15.3 of the Constitution of the Company, Mr Spooner is due to retire, is eligible for re-election and has submitted himself for re-election at the Annual General Meeting.

The Directors (in the absence of Michael Spooner) recommend that shareholders vote in favour of the re-election of Michael Spooner as a Director.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 4.

## 5. Resolution 5 – Renewal of Proportional Bid Provisions of the Constitution

Clause 13 of the Company's Constitution contains provisions dealing with member approval requirements if there was to be any proportional takeover bids for the Company's securities (**Proportional Bid Provisions**).

A 'proportional takeover bid' means an off-market bid for a specified proportion of the Company's securities held by each shareholder in a class for which a takeover bid has been made. It is not a bid for all securities held by all members of that class, only part of the securities each holds.

Part 6.5 Subdivision 5C of the Corporations Act provides that these Proportional Bid Provisions cease to apply at the end of 3 years from their adoption (or last renewal), but that they may be renewed by special resolution of the members. The Board believes it is appropriate that the Proportional Bid Provisions of the Company's Constitution (Clause 13) be renewed.

In seeking the members' approval for the renewal of the Proportional Bid Provisions, the Corporations Act requires the below information to be provided to members.

### 5.1 Effect of provisions proposed to be renewed

Clause 13 of the Constitution provides that the Company is **prohibited** from registering any transfer of shares giving effect to a contract of sale pursuant to a proportional takeover bid unless and until **after** the proposed transfer has been approved by the members at a general meeting of the Company (**Approving Resolution**). The person making the offer for the securities (**Offeror**) (and their associates) cannot vote on the Approving Resolution and the Approving Resolution requires the approval of more than 50% of members who are entitled to vote at that meeting.

Clause 13 also provides that:

- (a) If an Approving Resolution is not voted upon within 14 days of the end of the bid period, the Approving Resolution is deemed approved, and
- (b) If the Approving Resolution is rejected, all unaccepted offers under the proportional takeover bid are deemed withdrawn and the Offeror must rescind each contract created as a result of the acceptance of an offer under that proportional takeover bid.

### 5.2 Reasons for the resolution

Clause 13 of the Constitution is required to be renewed as more than 3 years have passed since the initial adoption of the Constitution. Section 648(G)(1) of the Corporations Act provides that Proportional Bid Provisions such as provided in Clause 13 cease to apply at the end of 3 years from their adoption. Section 648(G)(4) enable the members to approve a renewal of Proportional Bid Provisions.

The Directors believe that the members should continue to have the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of **all** of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). To preserve this choice, Clause 13 needs to be renewed. If Clause 13 is renewed and any proportional takeover bid (if any) is subsequently approved by members, each member will still have the right to make a separate decision whether that member wishes to accept the (proportional takeover) bid for their own securities.

### 5.3 Awareness of current acquisition proposals.

As at the date of these Explanatory Notes, none of the Directors is aware of any proposal for any person to acquire (or increase the extent of) a substantial interest in the Company.

### 5.4 The advantages and disadvantages of the Proportional Bid Provisions since their adoption.

As there have been no takeover bids made for any of the shares in the Company since the adoption of the Proportional Bid Provisions, there has been no application of Clause 13. It may be argued that the potential advantages and disadvantages described at item 5.5 below have also applied for the period since adoption of clause 13.

### 5.5 Potential advantages and disadvantages of the proposed resolution for both directors and shareholders

An advantage to the directors of renewing the Proportional Bid Provisions is that the Board will be able to assess the member's acceptance or otherwise of a proportional takeover bid should one be made.

As stated at item 5.2 above, renewing Clause 13 provides the members with the choice of considering whether to accept a bid for what might become control of the Company without the members having the opportunity to dispose of **all** of their securities (rather than just some of their securities, as would be the case under a proportional takeover bid). If Clause 13 is not renewed, members will not have this opportunity.

On the other hand, it may be argued that the renewal of Clause 13 may make proportional takeover bids more difficult to succeed and therefore effectively discourage proportional takeover bid being made and reduce the freedom for members to sell some of their securities.

However, balancing the above the Directors are of the view that the advantages of renewing the Proportional Bid Provisions outweigh any disadvantages and unanimously recommend the renewal. Accordingly, shareholder approval is sought pursuant to this Resolution 5.

The Chairman in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution 5.

## 6. **Other Information**

The Board is not aware of any other information which is relevant to the consideration by members of the proposed resolutions which are detailed in the Notice. Prior to making any decision, members may wish to seek advice from their own independent financial adviser or stockbroker as to the effect of the proposed resolutions.

# MESOBLAST LIMITED

ACN 109 431 870

Please return your Proxy forms to:

Link Market Services Limited  
Level 12, 680 George Street, Sydney NSW 2000  
Locked Bag A14, Sydney South NSW 1235 Australia  
Telephone: 1300 554 474  
From outside Australia: +61 2 8280 7111  
Facsimile: (02) 9287 0309  
ASX Code: MSB  
Website: www.linkmarketservices.com.au

## APPOINTMENT OF PROXY

If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.

You can also lodge your vote on-line at  
www.linkmarketservices.com.au



X99999999999

I/We being a member(s) of Mesoblast Limited and entitled to attend and vote hereby appoint

**A** the **Chairman of the Meeting (mark box)**  **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am on Thursday, 27 November 2008, at Middletons Lawyers, Level 25, 525 Collins Street, Melbourne and at any adjournment of that meeting.

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the share registry. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

**B** To direct your proxy how to vote on any resolution please insert  in the appropriate box below.

	For	Against	Abstain*	SPECIAL BUSINESS	For	Against	Abstain*
<b>Resolution 1</b> Financial Statements and Reports	"No resolution required"			<b>Resolution 5</b> Renewal of Proportional Bid provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Adoption of Remuneration Report (vote is advisory only)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
<b>Resolution 3</b> Confirm that appointment of Mr Brian Jamieson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
<b>Resolution 4</b> Re-election of Mr Michael Spooner as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

## C SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual) <input type="text"/>	Joint Securityholder 2 (Individual) <input type="text"/>	Joint Securityholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

MSB PRX841





# How to complete this Proxy Form

## 1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

## 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

## 3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together.

## 5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's share registry.

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10:00am on Tuesday, 25 November 2008, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the reply paid envelope or:

– by posting or facsimile to Mesoblast Limited's share registry as follows:

Mesoblast Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Facsimile: (02) 9287 0309

– lodging it online at Link's website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)) in accordance with the instructions given there (you will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website);

– delivering it to Level 12, 680 George Street, Sydney NSW 2000.